USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network
Template Version 2.09

Required Report - public distribution

Date: 4/28/2005

GAIN Report Number: BG5003

Bangladesh

Oilseeds and Products

Annual

2005

Approved by:
Chad R. Russell
U.S. Embassy, New Delhi

Prepared by:
Sayed Sarwer Hussain

Report Highlights:
Bangladesh's imports of crude vegetable oils climbed 14 percent to 970,000 tons in MY 2004/05, and are forecast to increase to 995,000 tons in MY 2005/06. Palm oil continues to dominate the market due to its lower price vis-à-vis soybean oil. A recently commissioned soybean processing plant in Bangladesh opens the potential for imports of US soybeans.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
New Delhi [IN1]
[BG]

Table of Contents

SECTION I: SITUATION AND OUTLOOK

Production

Assuming normal weather conditions, Bangladesh's MY 2005/06 (Jul-Jun) oilseeds production is forecast at 300,000 tons (220,000 tons of mustard seed and 80,000 tons of other oilseeds), from slightly reduced acreage. Mustard seed production is forecast to increase by two percent due to higher yields on account of favorable weather conditions. However, due to lower returns vis-à-vis competing crops like rice, wheat, and vegetables, the rapeseed area is shrinking. Total oilseeds production in MY 2004/05 is estimated at 298,000 tons (220,000 tons of mustard seed, 30,000 tons of peanuts, 12,000 tons of linseed, and 36,000 tons of cottonseed). In addition, small quantities of soybeans and sunflower seed are produced, but are not crushed for oil.

The total crush of oilseeds in MY 2005/06 is forecast at 573,000 tons (524,000 tons in MY 2004/05), which includes 100,000 tons of imported soybeans (32,000 tons). Locally produced oilseeds are crushed mostly in small-scale units using inefficient technology. Imported rapeseeds, usually mixed with local mustard seeds, are crushed in expellers. Due to the inefficient processing technology, locally produced oil meal typically contains a high percentage of oil, making it unfit for poultry feed. Bangladesh's first-ever modern crushing and extraction plant for soybeans, with a processing capacity of about 300,000 tons per year, became operational in December 2004. The plant has an additional extraction capacity of 200,000 tons for mustard/rape seed.

Edible oil production is forecast to increase to 187,000 tons in MY 2005/06 from an estimated 174,000 tons in MY 2004/05.

Consumption

Total edible oil consumption in MY 2005/06 is forecast at 1.16 million tons, up from 1.13 million tons in MY 2004/05. Due to the high retail prices of vegetable oils, growth in per capita vegetable oil consumption has slowed in recent years.

Soybean oil is the preferred cooking oil in Bangladesh, but it is extensively blended with cheaper palm oil. Soybean oil consumption in MY 2005/06 is forecast to increase to 375,000 tons, due to larger oil availability from domestic crushing of imported beans. Lower consumption in MY 2004/05 is attributed to stagnant imports. The consumption and imports of palm oil had rapidly increased during the past few years, due to its role as a cheaper substitute for soybean oil. Palm oil consumption in MY 2004/05 is estimated to have increased by 15 percent to 620,000 tons, and is forecast to remain at this level in MY 2005/06.

Consumption of mustard and rapeseed oil is estimated to decline to 170,000 tons in 2004/05, due mainly to significantly lower imports of rapeseed. This oil is mostly used for cooking by the rural population.

Average Wholesale Price per ton of Refined Vegetable Oils

Edible Oils	2002/03		2003/04		2004/05	
	Taka	USD	Taka	USD	Taka	USD
Soybean	45,000	776	55,000	932	55,000	902
Palm	40,000	690	45,000	764	45,000	738
Mustard/Rapeseed	55,000	948	64,000	1084	65,000	1066

Average exchange rates: US$ 1.00 = Taka 61 in 2004/05, Taka 59 in 2003/04, and Taka 56 in 2002/03

Trade

In MY 2005/06, imports of oilseeds are forecast to increase to 240,000 tons, consisting of soybean (100,000 tons) and rapeseed (140,000 tons). Total oilseed imports in MY 2004/05 are estimated at 200,000 tons, mostly rapeseed. The MY 2004/05 imports include the first-ever import of 32,000 tons of soybeans from Argentina for crushing. Australia, with a market share of 80 percent, is the largest supplier of rapeseed to Bangladesh, followed by Canada and Russia.

Soybean oil imports in MY 2005/06 are forecast at 375,000 tons, and palm oil imports at 620,000 tons. Imports in MY 2004/05 are estimated at 970,000 tons, which includes 630,000 tons of palm oil and 340,000 tons of soybean oil. Palm oil imports have been growing at a higher rate than soybean oil in recent years, mainly because of a) its price advantage and b) illegal smuggling to India, where it fetches a higher price. Besides crude palm oil and soybean oil, about 20,000 tons of refined soybean oil, sunflower oil, corn oil, and palm oil are also imported into Bangladesh, all in consumer packs from consolidators in Singapore and Dubai. Around 2,000 tons of these are of US origin. The demand for imported refined edible oils is increasing among the upper income segment of consumers, due to the poor quality of the locally refined oils.

At present Brazil is the largest supplier of soybean oil to Bangladesh, with a market share around 80 percent. Palm oil is imported predominantly from Malaysia.

Imports of soy meal in MY 2004/05 are estimated at 200,000 tons, 5 percent above the MY 2003/04 imports. India is the sole supplier of soy meal to Bangladesh, due to its geographical proximity and resultant lower freight cost. Soy meal imports are forecast to decline to 150,000 tons in MY 2005/06, provided the new soybean crushing plant becomes fully operational.

The recently commissioned soybean crushing plant opens up the potential for the US to supply soybeans to Bangladesh, provided prices are competitive. Following the American Soybean Association consumer education initiative, a few pharmaceutical companies have started using soy isolates and protein concentrates, imported from the United States, for their health and nutrition products.

Policy

The existing tariff structure for vegetable oils and oilseeds is as follows:

Description	Customs Duty	Development Surcharge	Advance Income Tax	VAT	Total
Refined edible oils	7.5	0.0	2.5	15.0	25.0
Crude vegetable oils	7.5	0.0	2.5	15.0	25.0
Oilseeds	0.0	0.0	2.5	0.0	2.5

The Bangladeshi government opted for a zero customs duty and no VAT on imports of oilseeds, including soybeans, to encourage local oilseed processing. There are no quantitative restrictions on imports of vegetable oils, oilseeds, and oil meals into Bangladesh.

SECTION II: STATISTICAL TABLES

Table 1: Commodity, Oil Palm, PSD

PSD Table							
Country	**Bangladesh**						
Commodity	**Oil, Palm**				(1000 HA) (1000 TREES) (1000 MT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		07/2003		07/2004		07/2005	MM/YYYY
Area Planted	0	0	0	0	0	0	(1000 HA)
Area Harvested	0	0	0	0	0	0	(1000 HA)
Trees	0	0	0	0	0	0	(1000 TREES)
Beginning Stocks	41	46	29	34	0	44	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	528	528	630	630	0	620	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	**569**	**574**	**659**	**664**	**0**	**664**	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	60	60	65	75	0	80	(1000 MT)
Food Use Dom. Consump.	480	480	559	545	0	540	(1000 MT)
Feed Waste Consumption	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	540	540	624	620	0	620	(1000 MT)
Ending Stocks	29	34	35	44	0	44	(1000 MT)
TOTAL DISTRIBUTION	**569**	**574**	**659**	**664**	**0**	**664**	(1000 MT)
Calendar Year Imports	425	524	458	680	0	650	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Table 2: Commodity, Oil Soybean, PSD

PSD Table							
Country	**Bangladesh**						
Commodity	**Oil, Soybean**				(1000 MT) (PERCENT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		07/2003		07/2004		07/2005	MM/YYYY
Crush	0	0	0	0	0	0	(1000 MT)
Extr. Rate, 999.9999	0	0	0	0	0	0	(PERCENT)
Beginning Stocks	60	68	26	30	0	30	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	332	332	335	340	0	375	(1000 MT)
MY Imp. from U.S.	35	24	24	7	0	25	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	**392**	**400**	**361**	**370**	**0**	**405**	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	80	80	81	75	0	75	(1000 MT)
Food Use Dom. Consump.	286	290	255	265	0	300	(1000 MT)
Feed Waste Dom. Consum	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	366	370	336	340	0	375	(1000 MT)
Ending Stocks	26	30	25	30	0	30	(1000 MT)
TOTAL DISTRIBUTION	**392**	**400**	**361**	**370**	**0**	**405**	(1000 MT)
Calendar Year Imports	480	425	480	320	0	340	(1000 MT)
Calendar Yr Imp. U.S.	35	24	24	25	0	25	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Table 3: Commodity, Oil Palm, Import Trade Matrix

Import Trade Matrix			
Country	Bangladesh		
Commodity	Oil, Palm		
Time Period	Jul-Jun	Units:	Metric Ton
Imports for:	2003		**2004**
U.S.	0	U.S.	0
Others		Others	
Malaysia	400,000	Malaysia	477,000
Indonesia	116,000	Indonesia	140,000
Singapore	12,000	Singapore	13,000
Total for Others	528,000		630,000
Others not Listed			
Grand Total	528,000		630,000

Table 4: Commodity, Oil Soybean, Import Trade Matrix

Import Trade Matrix			
Country	Bangladesh		
Commodity	Oil, Soybean		
Time Period	Jul-Jun	Units:	
Imports for:	2003		**2004**
U.S.	24,000	U.S.	7,000
Others		Others	
Brazil	266,000	Brazil	284,000
Argentina	30,000	Argentina	36,000
Singapore	7,000	Singapore	8,000
Total for Others	303,000		328,000
Others not Listed	5,000		5,000
Grand Total	332,000		340,000